

Gifford Medical Center

Fiscal Year 2016 budget analysis

Report Date:

8/13/2015

Gifford Medical Center

Joe Woodin - CEO

Jeff Hebert - CFO

Summary Budget to Budget Increase

The 2016 budget shows a 2.7% **decrease** over the 2015 budget. The decrease is due to organizational changes for their Gifford Retirement Community. Schedules have been provided to examine the before and after effects of this. They will discuss this at the hearing.

Utilization is projected to be 11.6% lower, primarily related to the SNF transfer. The budget does include 3 new MD FTEs, as physicians previously independent which are now part of the hospital.

The operating surplus is budgeted at 2.9% of net revenues; this is higher than the 2.7% margin in 2015. The balance sheet is in a very good position. The latest financial projections for 2015 show lower NPR and an operating surplus that is lower than the approved budget level.

The commercial cost shift is decreased by \$1.3 million. This is all related to Medicare. This occurred because the transfer of Medicaid funds out of GMC has the effect of lowering the cost shift. Favorable bad debt and free care were \$ 0.1 million reduced cost shift.

Issues to Address at the Hearing

Discuss your rate increase and the effects on your commercial payers.

Discuss the programatic and financial reasons for SNF transfer.

Discuss the various utilization changes being reported and their relationship to the SNF transfer.

Discuss the trends being seen in bad debt and free care the last few years.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 58,282,092	\$ 57,753,248	\$ 54,671,596	\$ 56,201,733	\$ (1,551,515)	-2.7%
Other Operating Revenue	\$ 3,612,833	\$ 745,193	\$ 2,409,887	\$ 1,143,988	\$ 398,795	53.5%
Total Operating Revenue	\$ 61,894,925	\$ 58,498,441	\$ 57,081,483	\$ 57,345,721	\$ (1,152,720)	-2.0%
Total Expenses	\$ 59,709,720	\$ 56,948,022	\$ 56,052,495	\$ 55,683,978	\$ (1,264,044)	-2.2%
Net Operating Income	\$ 2,185,205	\$ 1,550,419	\$ 1,028,988	\$ 1,661,743	\$ 111,324	7.2%
Operating Margin %	3.5%	2.7%	1.8%	2.9%	0.2%	

Gifford Medical Center

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	11.1	12.3	11.3	14.0	12.0	-0.9	0.7
Total Average Daily Census	48	50	48	50	19	-1	-29.4
Acute Average Length of Stay	3.4	3.8	3.3	3.9	3.6	-0.5	0.3
Acute Admissions	1,200	1,178	1,252	1,300	1,227	74	-25.0
Total Beds (Staffed)	65	65	65	65	35	0	-30.0
Adjusted Admissions	6,232	5,641	5,613	5,098	4,960	-27	-652.8
Adjusted Days	21,095	21,481	18,561	20,029	17,828	-2,919	-732.9
Capital							
Age of Plant	9.8	10.3	10.7	11.5	11.8	0.4	1.1
Long Term Debt to Capitalization	30.2%	26.9%	25.3%	28.3%	25.3%	-1.5%	-0.1%
Capital Expenditures to Depreciation	173.3%	123.9%	86.4%	89.9%	93.9%	-37.5%	7.4%
Debt per Staffed Bed	465,857	434,923	456,092	465,318	924,051	21,169	467,958
Net Prop, Plant & Equip per Staffed Bed	440,622	490,708	593,354	565,360	1,179,333	102,645	585,979
Debt Service Coverage Ratio	4.0	4.4	4.0	3.3	4.3	-0.4	0.3
Revenue							
Deduction %	46.0%	48.7%	48.6%	50.3%	51.0%	-0.1%	2.5%
Bad Debt % of Gross Revenue	2.4%	2.9%	3.2%	2.3%	3.1%	0.3%	-0.1%
Free Care % of Gross Revenue	0.5%	0.5%	1.1%	0.4%	1.1%	0.6%	0.0%
Operating Margin %	2.7%	3.5%	2.7%	1.8%	2.9%	-0.9%	0.2%
Total Margin %	4.2%	6.5%	5.6%	4.2%	4.3%	-0.9%	-1.3%
All Net Patient Revenue % of Gross Rev	53.2%	50.6%	50.7%	48.9%	48.1%	0.0%	-2.6%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	48.3%	46.9%	45.7%	43.9%	43.8%	-1.2%	-1.8%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	37.3%	37.2%	34.7%	34.6%	25.0%	-2.4%	-9.7%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	64.2%	60.5%	62.7%	61.7%	62.0%	2.2%	-0.7%
Productivity							
Adjusted Admissions Per FTE	15.0	14.2	15.2	14.6	15.4	1.0	0.3
FTEs per 100 Adj Discharges	6.6	7.1	6.6	6.9	6.5	-0.5	-0.1
Overhead Expense w/ fringe, as a % of Total Operating Exp	23.2%	24.4%	29.6%	26.5%	27.7%	5.2%	-1.9%
FTEs Per Adjusted Occupied Bed	7.2	6.8	7.3	6.4	6.6	0.5	-0.7
Cost							
Cost per Adjusted Admission	9,937	10,586	10,145	10,996	11,226	(440)	1,080
Salary & Benefits per FTE - Non-MD	66,254	65,884	67,020	70,596	77,538	1,137	10,518
Compensation Ratio	62.9%	60.9%	56.6%	58.4%	59.8%	-4.3%	3.1%
Capital Cost % of Total Expense	6.8%	7.3%	7.6%	7.2%	7.0%	0.3%	-0.5%
Liquidity							
Current Ratio	3.5	4.0	3.2	3.9	3.5	(0.8)	0.3
Days Cash on Hand	185.6	201.5	190.0	203.1	225.6	(11.5)	35.6
Cash to Long Term Debt	1.6	1.7	1.5	1.4	1.6	(0.1)	0.1
Payer							
DSH % of Total NPR	1.3%	1.4%	1.5%	1.5%	1.7%	0.1%	0.3%
Medicaid % of Total NPR (incl. DSH)	14.4%	14.3%	13.8%	14.8%	9.6%	-0.5%	-4.1%
Medicare % of Total NPR (incl. DSH)	30.3%	35.2%	32.9%	35.0%	34.0%	-2.2%	1.0%
Commercial % of Total NPR (incl. DSH)	54.0%	49.2%	51.9%	48.6%	54.7%	2.7%	2.8%
Employed							
Non-MD FTEs	414.2	397.9	370.2	349.7	321.6	(27.7)	(48.5)
Physician FTEs	37.9	32.0	23.0	23.5	25.7	(9.0)	2.8
Travelers	-	-	-	-	-	-	-
Outpatient							
All Outpatient Visits	51,060	52,592	54,168	54,168	55,793	1,576	1,625
Operating Room Procedure	3,147	2,898	3,136	2,540	2,650	238	(486)
Observation Units	1,384	1,215	420	1,150	1,042	(795)	622

Gifford has submitted a budget that includes NPR increases including a hospital budget rate increase and a physician transfer addition offset against a reduction in NPRs for the outgoing transfer of the Skilled Nursing Home (SNF) program. The net effect of this is a reduction in NPRs of 2.7%. Adjusting for the transfer, we believe we see a real increase around 3.0%.

Our questions are designed to try and clarify much of this, though some details may be difficult to correctly assess until we get responses from the hospital. Gifford has responded to our immediate requests but there is more work to be completed.

1) The hospital is submitting an 5.75% increase in overall rates.

a) Will that amount, on average, be the increase that commercial payers will be paying? Describe the different reimbursement agreements you may have when contracting with commercial payers.

b) Is the requested rate increase materially different because of the transfer of the SNF out of the hospital?

c) We also see that the rate increase will raise \$2.5 million with about \$1.1 coming from Medicare. I have thought that Medicare reimbursement was not "sensitive" to your rate increase. Discuss why you reported it this way.

2) Gifford has submitted a 2.7% NPR **decrease**. After adjusting for the SNF transfer, we find the total NPR increase, Including the physician transfer to be 3.1%. They do not have any requests for health care reform investments.

a) Can you confirm whether you agree with the adjusted stated increase after adjusting for the SNF transfer? If you do not agree, submit a schedule that shows the adjusted increase.

3)Utilization metrics show a number of increases and decreases with overall utilization decreasing because of the SNF transfer. It alters a number of measures and revenue metrics.

a) Why is length of stay increasing by 1/2 day over 2013 levels?

b) Why would OR procedures be going down. Is this related to the transfer? Wouldn't procedures still be done at the hospital?

c) Describe other utilization changes related to the SNF transfer or physician addition that may be affecting the budget submission.

d) On the rate page, there is a NPR increase for \$1.4 million of Medicaid and Medicare. What is this increase?

4) Bad debt and free care levels have shown some variability the last several years as a % of gross revenue.

	<u>A13</u>	<u>A14</u>	<u>B15</u>	<u>P15</u>	<u>B16</u>
Bad debt/free care	3.9%	4.4%	4.3%	3.7%	4.2%

a) Describe the recent changes you have seen in terms caseloads, patient coverages, billing disputes, etc. that might be influencing the changes. Is there any evidence this is related to higher enrollment and/or shift to Medicaid? Describe any changes in reporting that are influencing this, including any effect from the SNF transfer.

b) What would rate request have been, all things being equal, if your bad debt and free care levels remained at the projected 2015 budget level of 3.7%.

5) The 2015 projection shows a lower NPRs and a surplus of \$1.0 million vs. a budget of \$1.6 million. Is it correct to assume these do not include the SNF program? Are these projections still valid? If not, describe any material changes.

6) Many Critical Access Hospitals have noted a CMS rule change that will lower Medicare reimbursement related to the disallowance of the provider tax. Has Gifford budgeted for this change? If so, quantify the loss of revenue in the 2016 budget.

7) Is there any meaningful use or 340B funds budgeted in other operating revenues? If so, provide a schedule that quantifies these funds.

8) Salary per FTE shows a 15.5% increase. Explain what is happening here. Provide a schedule if corrections are needed.

9) Provide your estimated capital spending plans for the years 2017-2019.

Gifford Medical Center
PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B-2016B	2016B
REVENUES						
INPATIENT	\$23,707,590	\$25,046,652	\$28,068,705	\$28,390,717	\$3,344,065	13.4%
OUTPATIENT	\$83,017,276	\$80,327,788	\$76,039,786	\$83,761,101	\$3,433,313	4.3%
PHYSICIAN	\$0	\$0	\$0	\$0	\$0	0.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$3,768,936	\$3,729,898	\$3,723,235	\$0	-\$3,729,898	-100.0%
SWING BEDS	\$3,026,397	\$3,189,232	\$2,230,835	\$2,623,257	-\$565,975	-17.7%
GROSS PATIENT CARE REVENUE	\$113,520,199	\$112,293,570	\$110,062,561	\$114,775,075	\$2,481,505	2.2%
DISPROPORTIONATE SHARE PAYMENTS	\$806,560	\$842,693	\$842,688	\$975,422	\$132,729	15.8%
BAD DEBT	-\$3,265,073	-\$3,607,086	-\$2,482,946	-\$3,533,898	\$73,188	2.0%
FREE CARE	-\$608,399	-\$1,243,823	-\$402,110	-\$1,285,389	-\$41,566	-3.3%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$52,171,195	-\$50,532,106	-\$53,348,597	-\$54,729,477	-\$4,197,371	-8.3%
NET PATIENT CARE REVENUE	\$58,282,092	\$57,753,248	\$54,671,596	\$56,201,733	-\$1,551,515	-2.7%
OTHER OPERATING REVENUE	\$3,612,833	\$745,193	\$2,409,887	\$1,143,988	\$398,795	53.5%
TOTAL OPERATING REVENUE	\$61,894,925	\$58,498,441	\$57,081,483	\$57,345,721	-\$1,152,720	-2.0%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	59,709,720	56,948,022	56,052,495	55,683,978	-\$1,264,044	-2.2%
NET OPERATING SURPLUS (LOSS)	\$2,185,205	\$1,550,419	\$1,028,988	\$1,661,743	\$111,324	7.2%
NON-OPERATING REVENUE	\$1,986,289	\$1,850,000	\$1,407,235	\$850,000	-\$1,000,000	-54.1%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$4,171,494	\$3,400,419	\$2,436,223	\$2,511,743	-\$888,676	-26.1%

Physician revenue activity is included in the Outpatient revenue line. GMCB staff are working with hospitals to consistently align and report the information.

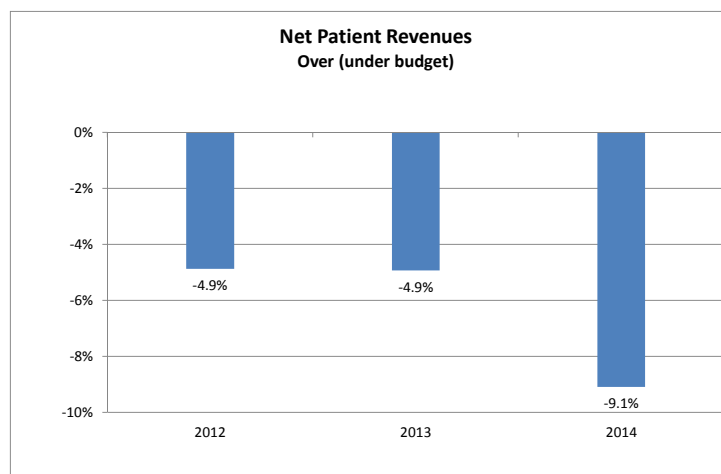
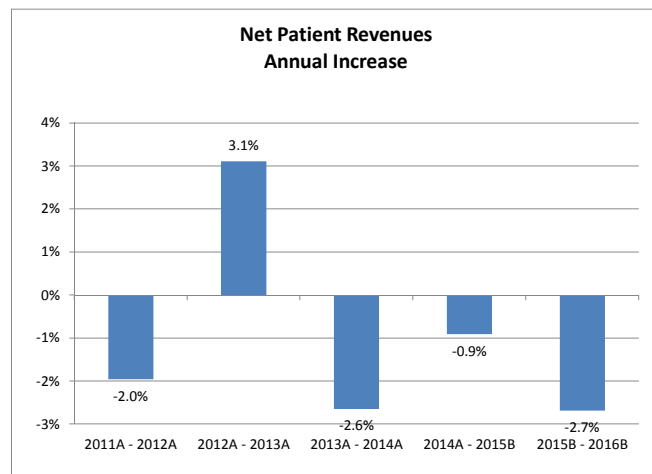
The reduction in SNF/ECF revenues reflect GMC's decision to take Gifford Retirement Community (GRC) financials out of this budget.

This has the effect of lowering NPRs. A schedule will be prepared to show the "before and after".

There are only minor changes in bad debt and free care.

Expenses are driven by increases in physicians (3). Other changes are all effected by the transfer of the SNF out of the budget.

Operating surplus has been increased slightly to 2.9%, up from 2.7% in 2015 budget.



NET PATIENT REVENUE PAYER MIX

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 842,693	\$ 975,422	\$ 132,729
Medicaid	\$ 7,953,824	\$ 5,410,626	\$ (2,543,198)
Medicare	\$ 19,008,191	\$ 19,084,569	\$ 76,378
Commercial/self pay/Wcomp	\$ 29,948,540	\$ 30,731,116	\$ 782,576
TOTAL	\$ 57,753,248	\$ 56,201,733	\$ (1,551,515)
			-2.7%

NPR shows a 2.7% decrease from the 2015 budget. This decrease can be described as follows:

Changes with SNF transfer - submitted	Millions	% Share
Rate Increase	\$ 2.5	4.4%
Physician Practice Transfers	\$ 0.6	1.1%
Bad Debt/Free Care Improvement	\$ (0.2)	-0.4%
Disproportionate Share Loss	\$ 0.1	0.2%
Utilization Gain/Loss	\$ (0.3)	-0.5%
Health Care Reform Investments	\$ -	0.0%
SNF transfer	\$ (2.7)	-4.7%
Other Change	\$ (1.7)	-2.9%
	\$ (1.6)	-2.7%

Changes with SNF transfer if still in Budget 15 & 16	Millions	% Share
Rate Increase	\$ 2.5	4.4%
Physician Practice Transfers	\$ 0.6	1.1%
Bad Debt/Free Care Improvement	\$ (0.2)	-0.4%
Disproportionate Share Loss	\$ 0.1	0.2%
Utilization Gain/Loss	\$ (0.3)	-0.5%
Health Care Reform Investments	\$ -	0.0%
SNF transfer	\$ -	0.0%
Other Change	\$ (0.9)	-1.5%
	\$ 1.9	3.2%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 2.7% decrease over the 2015 budget. The decrease is because the SNF is transferred out of the budget (see narrative).

They did not request any "allowance" for health care investments.

Changes in bad debt/free care and disproportionate share are minor.

Utilization is budgeted to decline \$.3 million. This is again a reflection of the change. in addition to a decrease in "other changes" such as better reimbursement and favorable changes in mix of services.

Gifford Medical Center**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 842,693	\$ 975,422	\$ 132,729
Medicaid	\$ 6,992,778	\$ 3,702,516	\$ (3,290,262)
Medicare	\$ 17,329,081	\$ 17,200,348	\$ (128,733)
Commercial/self pay/Wcomp	\$ 26,932,081	\$ 27,495,138	\$ 563,057
TOTAL	\$ 52,096,633	\$ 49,373,424	\$ (2,723,209)

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 961,046	\$ 1,708,110	\$ 747,064
Medicare	\$ 1,679,110	\$ 1,884,221	\$ 205,111
Commercial/self pay/Wcomp	\$ 3,016,459	\$ 3,235,978	\$ 219,519
TOTAL	\$ 5,656,615	\$ 6,828,309	\$ 1,171,694

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 842,693	\$ 975,422	\$ 132,729
Medicaid	\$ 7,953,824	\$ 5,410,626	\$ (2,543,198)
Medicare	\$ 19,008,191	\$ 19,084,569	\$ 76,378
Commercial/self pay/Wcomp	\$ 29,948,540	\$ 30,731,116	\$ 782,576
TOTAL	\$ 57,753,248	\$ 56,201,733	\$ (1,551,515)

This schedule breaks out the net patient revenue change s between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician.

In this hospital budget, the change reflected largely in Medicaid is related to the transfer of the nursing home out of the budget.

Adjusted for the changes related to the nursing home, the changes appear reasonable.

The disproportionate share change has been verified and an increase will have an favorable effect on rate.

Gifford Medical Center
RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
Gifford Medical Center	6.1%	7.6%	5.6%	5.75%	6.4%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates
Hospital Inpatient	6.5%		
Hospital Outpatient	6.5%		
Professional Services	5.0%		
Nursing Home	0.0%		
Home Health	6.5%		
Other	0.0%		
Summary price request	5.7%	\$ 5,623,959	\$ 2,541,775

Commercial Payer	Self Pay/Other	Medicaid	Medicare	
\$ 1,450,597	\$ 16,872	\$ -	\$ 1,074,306	

		Gross Revenue from Other	Net revenue from Other
Utilization			\$ (314,124)
Physician Acquisition or reduction			\$ 646,347
Skilled nursing home transfer			\$ (2,687,967)
Free care			\$ (62,751)
Bad debt			\$ (181,977)
Dispro share change			\$ 132,734
Other NPR changes			\$ (1,375,546)
Other changes *			\$ (250,000)
Other changes *			\$ -
Other changes *			\$ -
Summary Other (non-price) request		\$ (3,310,138)	\$ (4,093,284)

Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
\$ (158,796)	\$ (1,847)	\$ (35,878)	\$ (117,603)	\$ -
\$ 326,741	\$ 3,800	\$ 73,824	\$ 241,983	\$ -
\$ -	\$ (610,063)	\$ (2,075,910)	\$ (1,994)	\$ -
\$ -	\$ (62,751)	\$ -	\$ -	\$ -
\$ -	\$ (181,977)	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 132,734
\$ -	\$ -	\$ (505,233)	\$ (870,313)	\$ -
\$ -	\$ -	\$ -	\$ (250,000)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 167,945	\$ (852,838)	\$ (2,543,197)	\$ (997,928)	\$ 132,734

Total NPR Increase Due to Price and Other	\$ 2,313,821	\$ (1,551,509)
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\$ 1,618,542	\$ (835,966)	\$ (2,543,197)	\$ 76,378	\$ 132,734
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The rate increase is 5.75% with 6.5% increases budgeted for both inpatient and outpatient services (and also home health), and 5.0% budgeted for physician services. The rate will generate \$2.5 million, including \$1.1 million from Medicare. This will be discussed at the hearing.

Other NPR changes show a reduction in NPRs of about \$1.375 million related only to Medicare and Medicaid. GMC will explain.

Gifford Medical Center
UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							
ADJUSTED ADMISSIONS	6,486	6,232	5,641	5,613	5,098	4,960	-11.6%
ACUTE ADMISSIONS	1,242	1,200	1,178	1,252	1,300	1,227	-2.0%
AVERAGE LENGTH OF STAY	3.1	3.4	3.8	3.3	3.9	3.6	8.7%
OUTPATIENT OPERATING ROOM PROCEDURES	3,307	3,147	2,898	3,136	2,540	2,650	-15.5%
LABORATORY TESTS	172,678	169,955	183,925	170,000	149,726	162,000	-4.7%
EMERGENCY ROOM VISITS	7,309	7,163	7,205	7,601	7,490	7,250	-4.6%
RADIOLOGY-DIAGNOSTIC & CT SCANS	21,104	21,783	22,953	22,345	20,744	21,645	-3.1%
MRIs	1,388	1,545	1,363	1,300	1,192	1,280	-1.5%
PHYSICIAN OFFICE VISITS	94,992	95,087	74,930	38,606	35,800	39,370	2.0%
CLINIC VISITS	-	-	-	-	-	-	0.0%

Staffing							
NON-MD FTE	411	414	398	370	350	322	-48.5
TRAVELERS	-	-	-	-	-	-	0.0
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTEs	39.0	37.9	32.0	23.0	23.5	25.7	2.8
TOTAL MD AND NON MD FTES	450.2	452.1	429.9	393.1	373.1	347.4	-45.8
SALARY PER FTE - NON-MD	50,094	50,449	52,259	51,129	54,103	59,076	15.5%
SALARY & BENEFIT PER FTE - NON-MD	61,151	66,254	65,884	67,020	70,596	77,538	15.7%
FTES PER ADJUSTED OCCUPIED BED	7.4	7.2	6.8	7.3	6.4	6.6	-9.5%
FTES PER 100 ADJUSTED DISCHARGES	6.3	6.6	7.1	6.6	6.9	6.5	-1.7%

Budgeted 2016 utilization (adjusted admissions) shows a decline 11.6% from 2015 budget levels. Again the SNF transfer is affecting this. (see narrative)

In addition, Budget 2016 has added physician practices. We will ask Gifford to go over the different utilization changes at the hearing.

Non MD staffing is decreasing by 49 and GMC will identify those related to both the physician and SNF transfer.

Salary per FTE increases need to be explained.

Productivity indicators are trending normal and suggest the utilization and FTEs transfers handled properly.

BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$7,378,810	\$8,099,000	\$2,870,251	\$8,992,913
Total Current Assets	\$15,093,022	\$18,056,000	\$10,483,697	\$19,739,176
Total Board Designated Assets	\$23,808,046	\$19,802,000	\$26,766,345	\$23,418,856
Total Net, Property, Plant And Equipment	\$31,896,051	\$38,568,003	\$36,748,392	\$41,276,645
Other Long-Term Assets	\$8,155,853	\$6,622,000	\$8,770,811	\$7,505,000
Total Assets	\$78,952,972	\$83,048,003	\$82,769,246	\$91,939,677
Total Current Liabilities	\$9,642,472	\$11,525,000	\$9,497,414	\$12,184,772
Long-Term Debt	\$18,627,526	\$18,121,000	\$20,748,227	\$20,157,000
Other Noncurrent Liabilities	\$0	\$0	\$0	\$0
Total Fund Balance	\$50,682,974	\$53,402,003	\$52,523,604	\$59,597,906
Total Liabilities and Equities	\$78,952,972	\$83,048,003	\$82,769,246	\$91,939,678

The hospital's overall balance sheet shows a continued improvement in net assets (fund balance).

Debt is trending higher but cash and Board Designated Assets are increasing.

Hospital				
Net Increase/Decrease in Cash	\$ (291,925)	\$ 289,000	\$ (4,508,559)	\$ 893,914
Days Cash on Hand	201	190	203	226
Cash to Long Term Debt	1.7	1.5	1.4	1.6
Long Term Debt to Capitalization	26.9%	25.3%	28.3%	25.3%
Debt Service Coverage Ratio	4.4	4.0	3.3	4.3

GMC's cash is expected to improve in Budget 2016. Debt indicators also show improvement in the next year.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Cash measure compare very well against the system average.

Debt measures are steady and the debt position

Gifford Medical Center
CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$4,171,425	\$2,889,689	\$2,845,750	\$3,050,882			
Certificate of Need Capital Plans		\$8,721,170	\$8,721,170	\$3,206,406	\$0	\$0	\$0
Total Capital Purchases	\$4,171,425	\$11,610,859	\$11,566,920	\$6,257,288			

Hospital

Age of Plant (years)	10.3	10.7	11.5	11.8	helps understand the status of all fixed assets		
Capital Expenditures to Depreciation	123.9%	86.4%	89.9%	93.9%	helps to understand current level of capital spend		
Capital Cost % of Budget	7.3%	7.6%	7.2%	7.0%	helps understand relative share of depr & interest		

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is increasing in Bud 16 and compares closely with the Vermont hospital system.

GMC spending has been slower than the system over the last few years. GMC capital cost % of budget remains higher than the system average.

Non CON capital items include both building improvements and equipment, \$ 3 million. Also, GMC has two CONs planned in 2016, transitions for Med/Surg to their Nursing Home \$1.4 million and a Birthing Unit TCU \$1.8 million.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Other Non CON Items under \$500,000	\$3,050,882	\$ -	\$ -	\$ -
Total Non-Certificate of Need Capital Purchases	\$ 3,050,882	\$ -	\$ -	\$ -

Certificate of Need Plans

Certificate of Need Proposals				
Med/Surg transition to Nursing Home (Gifford Medical Center)	\$ 1,403,926	\$ -	\$ -	\$ -
Birthing Unit Transition TCU (Gifford Medical Center)	\$ 1,802,480	\$ -	\$ -	\$ -
Total Certificate of Need Proposals	\$ 3,206,406	\$ -	\$ -	0